

## Message Text

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ACTION SS-25

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FM AMEMBASSY CAIRO

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INFO AMEMBASSY ALGIERS

AMEMBASSY AMMAN

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S E C R E T SECTION 1 OF 5 CAIRO 3310

EXDIS

EO 11652: GDS

TAGS: PFOR PINT EG US UR XF XG

SUBJECT: QUARTERLY POLITICAL ASSESSMENT: JAN 1 TO MARCH 31, 1975

SUMMARY: QUARTER WAS DOMINATED BY PREPARATIONS FOR ASWAN-JERSUALEM SHUTTLE. RISING EGYPTIAN EUPHORIA IN LATE JANUARY AND FEBRUARY CONTRIBUTED TO BITTER DISAPPOINTMENT WHEN SECRETARY'S MISSION WAS SUSPENDED. NEVERTHELESS, SADAT HAS MADE CLEAR HE PLACES BLAME ON ISRAELI "INTRANSIGENCE," RETAINS FAITH IN USG'S GOOD WILL, IS PREPARED CONSIDER ANY VIABLE MECHANISM FOR PEACE TALKS, AND IS DETERMINED MAINTAIN GOOD BILATERAL USG-GOE RELATIONS. SOVIETS CAME UNDER PUBLIC ATTACK WHEN SADAT TOLD MEDIA INTERVIEWERS THAT MILITARY AND ECONOMIC RELATIONS WERE "FROZEN". GROMYKO VISIT DID SERVE TO BUY MORE TIME FOR STEP-BY-STEP APPROACH. PLO AND SARG FEARS THAT SINAI

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WITHDRAWAL MIGHT INJURE THEIR OWN IMMEIDATE INTERESTS

PRESENTED SERIOUS PROBLEMS FOR GOE. FRENCH EMERGED AS ARABS' EUROPEAN FRIEND, AND FRENCH ARMS DEAL BUTTRESSED SADAT'S DETERMINATION FACE DOWN GROMYKO. INTERNALLY, LEFTIST AGITATORS EXPLOITED REAL ECONOMIC DISTRESS TO CAUSE RIOTS IN EARLY JANUARY AND LATE MARCH. END SUMMARY.

1. FOLLOWING IS EMBASSY CAIRO'S QUARTERLY POLITICAL ASSESSMENT FOR JANUARY 1-MARCH 31, 1975. PART I, EGYPTIAN FOREIGN AFFAIRS, IS DIVIDED INTO SUBSECTION ON GOE RELATIONS WITH USG, USSR, ARABS, WESTERN EUROPE, AND OTHERS. PART II DISCUSSES INTERNAL POLITICAL-ECONOMIC SITUATION.

2. PART I: EXTERNAL AFFAIRS: A. US-EGYPTIAN RELATIONS: AS THE YEAR OPENED GOE RESTIVELY SOUGHT A NEW EGYPTIAN-ISRAELI DISENGAGEMENT AGREEMENT AND LOOKED TO THE US TO ACHIEVE THIS. THE AMBASSADOR'S RETURN ON CONSULTATIONS IN EARLY JANUARY AROUSED LOCAL EXPECTATIONS, WHICH WERE REFLECTED IN THE LOCAL PRESS, THAT HE WOULD RETURN WITH A PROPOSAL. THERE WAS DISAPPOINTMENT WHEN HE BROUGHT ONLY PROCEDURAL IDEAS. WITH SOME RELUCTANCE SADAT ACCEPTED THE CONCEPT OF A TWO-STEP APPROACH INVOLVING VISITS BY THE SECRETARY IN FEBRUARY AND AGAIN IN MARCH WITH A GAP IN BETWEEN. HE WAS CONCERNED THAT PROTRACTED NEGOTIATIONS WOULD INCREASE HIS EXPOSURE TO SYRIAN, PALESTINIAN, SOVIET AND OTHER PRESSURES. THE SECRETARY'S VISIT IN MID-FEBRUARY HELPED PREPARE THE GROUND FOR FURTHER TALKS.

3. SHUTTLE DIPLOMACY BEGAN IN EARNEST ON MARCH 7 WHEN THE SECRETARY MET WITH THE PRESIDENT IN ASWAN. IT CONTINUED FOR SOME 17 DAYS THEREAFTER AS AN EFFORT WAS MADE TO RECONCILE DIVERGENT EGYPTIAN AND ISRAELI POLITICAL AND MILITARY ASPIRATIONS. THOUGH SADAT REMAINED SKEPTICAL OF PROSPECTS FOR SUCCESS, HE MADE A SERIOUS EFFORT TO ADVANCE THE NEGOTIATIONS. CONSIDERABLE PROGRESS WAS MADE, BUT IN THE FINAL ANALYSIS THE GAP BETWEEN THE TWO SIDES REMAINED UNBRIDGEABLE. AS A RESULT, WITH EGYPTIAN CONCURRENCE, THE NEGOTIATIONS WERE SUSPENDED.

4. NEITHER PUBLIC NOR PRIVATE EGYPTIANS BLAME USG FOR SUSPENSION. THEY PLACE THE BLAME SQUARELY ON ISRAELI  
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"INTRANSIGENCE." HOWEVER, WHILE ISRAELI "INFLEXIBILITY" SURPRISED NO ONE IN CAIRO, EGYPTIANS ARE HONESTLY INCREDULOUS THAT USG, IN THEIR VIEW, WAS APPARENTLY UNWILLING OR UNABLE TO BRING ISRAELIS AROUND SUFFICIENTLY TO ACHIEVE MUTUALLY ACCEPTABLE AGREEMENT. PRIVATELY, WE HEAR THIS INCREDULITY FROM ALL SIDES. THE SECRETARY'S INTEGRITY IS NOT CALLED INTO QUESTION; OUR INTERLOCUTORS ARE SIMPLY CONFUSED BY WHAT THEY BELIEVE HAS BEEN SEMI-PUBLIC USG ADMISSION OF

INABILITY EXACT ISRAELI CONCESSIONS NECESSARY FOR WHAT  
EGYPTIANS SEE AS EXTREMELY LIMITED ISREALI WITHDRAWAL IN SINAI.

5. ALTHOUGH BREAKDOWN OF SHUTTLE DIPLOMACY COULD HAVE HAD  
ADVERSE CONSEQUENCES FOR US/EGYPTIAN RELATIONS, SADAT  
PERSONALLY, SUPPORTED BY HIS SENIOR MINISTERS, MOVED  
QUICKLY TO AVERT THIS. PRESIDENT'S POLICY ADDRESS MARCH 29  
PROVIDED PUBLIC DECLARATION OF FAITH IN USG AND OF SADAT'S  
SINCERE DESIRE PROCEED DOWN ANY PATH, NOT MERELY THAT  
OF GENEVA, TO ACHIEVE PEACE SETTLEMENT. AS EARNESTS OF  
THIS DESIRE, HE ANNOUNCED SUEZ CANAL WOULD OPEN JUNE 5,  
UNEF MANDATE WOULD BE RENEWED FOR THREE MONTHS,  
AND BODIES OF 39 ISRAELI SOLDIERS WOULD BE RETURNED WITHOUT ANY

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QUI PRO QUO. IN PRIVATE CONVERSATION PRESIDENT HAS GONE  
OUT OF HIS WAY TO EMPHASIZE THAT SECRETARY DID EVERYTHING  
FEASIBLE TO ACHIEVE SUCCESS, AND THAT GOE WANTS US/EGYPTIAN  
RELATIONS TO REMAIN GOOD. FONMIN FAHMY HAS MADE SAME

POINTS STRONGLY, NOTABLY WHEN BRIEFING FOREIGN AMBASSADORS ON SECRETARY'S MISSION.

6. FURTHER, EGYPTIAN MEDIA, WITH ONE INADVERTENT EXCEPTION, HAS NOT BELABORED THE US FOR FAILURE OF THE NEGOTIATIONS. OUR MUTUAL DIALOGUE REMAINS INTENSE AND CONSTRUCTIVE AT ALL LEVELS. THE MEETING BETWEEN SADAT AND VICE PRESIDENT ROCKEFELLER IN RIYADH DURING FUNERAL CEREMONY FOR KING FAISAL WAS WIDELY HAILED LOCALLY AS "USEFUL", AND SOME EGYPTIANS HAVE TOLD US PRIVATELY THEY HOPE SOMETHING MIGHT COME OF IT BEFORE GENEVA CONFERENCE RESUMES.

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7. THERE IS EVERY DESIRE TO MAINTAIN STRONG BILATERAL RELATIONS, BUT THE OBSTACLES CANNOT BE OVERLOOKED. IN THE ABSENCE OF POLITICAL MOVEMENT ON THE ARAB-ISARELI FRONT, THE ECONOMIC SIDE OF US-EGYPTIAN RELATIONS WILL BE REQUIRED TO BEAR AN EXCEPTIONALLY HEAVY BURDEN. GOE EXPECTS ADDITIONAL US MATERIAL HELP IN ALL FIELDS. GOE ALSO EXPECTS US RECOGNITION OF THE EXTENT SADAT WENT TO TRY TO ACHIEVE A NEW DISENGAGEMENT AGREEMENT. SHOULD THESE HOPES BE DASHED, BILATERAL RELATIONS COULD COOL.

8. THE QUARTER ALSO WITNESSED VISITS BY VARIOUS CONGRESSIONAL DELEGATIONS, NOTABLY SENATORS PERCY, INOUE, MATHIAS, MCCLURE, AND MCGOVERN, A HOUSE ARMED SERVICES SUBCOMMITTEE AND AN IPU DELEGATION. EACH OF THESE CODELS MET WITH THE PRESIDENT AND SENIOR EGYPTIAN OFFICIALS. THEIR IMPACT WAS UNIFORMLY POSITIVE. THEIR SYMPATHETIC INTEREST IN EGYPT'S PROBLEMS AND ASPIRATION WAS MUCH APPRECIATED.

9. EGYPTIAN SOVIET RELATIONS. PAST THREE MONTHS HAVE BEEN FRUSTRATING AND LARGELY UNPRODUCTIVE FOR SOVIET DIPLOMACY IN EGYPT. VIRTUALLY EVERY SOVIET GAMBIT ULTIMATELY BACKFIRED OR, MORE CORRECTLY, WAS TREATED BY GOE AS IF IT HAD. AT BEGINNING OF YEAR MOSCOW ENDEAVORED TO EXERT SOME SUPERPOWER MUSCLE BY REFUSING DISCUSS MATTERS OF DEEP CONCERN TO GOE UNTIL POSTPONED BREZHNEV VISIT COULD BE RESCHEDULED. THIS RESULTED IN FULL BLAST OF SADAT'S OWN FAVORITE PLOY: "EXPOSING" TO WORLD OPINION PERFDY OF SOVIET BEHAVIOR. EVEN AT END OF REPORTING PERIOD, WHEN KISSINGER MISSION WAS SUSPENDED, TASTE OF VICTORY MUST HAVE TURNED SOUR IN SOVIET MOUTHS WHEN SADAT MADE CLEAR IN MARCH 29 ADDRESS THAT HE HOLDS OTHER OPTIONS THAN GENEVA OPEN.

10. AT END OF 1974, SOVIETS HAD ATTEMPTED TO SWEETEN UP

EGYPTIANS BY RESUMING SOME ARMS SHIPMENTS (INCLUDING MIG 23S) DATING FROM MARCH 1973 CONTRACTS. GOE HAS INSISTED THIS EQUIPMENT DOES NOT CONSTITUTE REPLACEMENT FOR OCTOBER WAR LOSSES AND SADAT, ON SEVERAL OCCASIONS DURING REPORTING PERIOD, HAS INSISTED SOVIETS HAVE NOT REPLACED EGYPTIAN WAR LOSSES.

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II. YMPOMATIC OF SOVIET FRUSTRATION WAS DECEMBER 31 AHAM FRONT PAGE INCIDENT. SOVEITS FORMALLY PROTESTED ARTICLE ASSERTING BREZHNEV'S ILL HEALTH HAD FORCED POSTPONE-MENT OF HIS VISIT. PRIVATELY, SOVIETS WERE EQUALLY INCESNED OVER LARGE PICTURE FEATURED IN SAME PAPER WHICH SHOWED SMILING SADAT SHAKING HANDS WITH AMBASSADOR EILTS.

12. AS DAYS PASSED, SOVIETS GOT EVEN WORSE TREATMENT IN LOCAL PRESS WHEN GOE PUBLICLY BLAMED JANUARY 1 CAIRO RIOTS AND UNIVERSITY DEMONSTRATION ON "COMMUNITIS." POLICE ARRESTED "MARXIST" ELEMENTS (PERHAPS 300-400) FOR INTERROGRATION AND REPORTEDLY UNCOVERED NEW SUBVERSIVE ORGANIZATION "FINANCED FROM ABROAD." EGYPTIAN COMMUNIST JOURNALISTS MADE FEEBLE COUNTERATTACK, CLAIMING BOURGEOIS RIGHT, NOT "NATIONALIST" LEFT WAS BEHIND SUBVERSION.

13. BY MID-JANUARY, GOE HAD DECIDED TO LET LOCAL PRESS HAVE ITS HEAD ON YET ANOTHER GRIEVANCE AGAINST MOSCOW: PARTICIPATION IN AND ENCOURAGEMENT OF PLO'S "CAMPAIGN OF DOUBT" AGAINST EGYPT'S ARABISM, WHICH WAS BEING CHURNED OUT BE BEIRUT PRESS MILL. MOSCOW WAS SPECIFICALLY NAMED BY AKHBAR AS IN INSTIGATOR OF THESE "BASELESS" ALLEGATIONS AGAINST GOE MOTIVATIONS.

14. AS SOVEIT PRESSURE ON SADAT TO ABANDON STEP-BY-STEP APPROACH GREW, HE DECIDED TO AIR HIS OWN COMPLAINTS AGAINST MOSCOW IN A SERIES OF REMARKABLE NEWSPAPER INTERVIEWS, BEGINNING WITH ANWAR JANUARY 7 AND CONTINUING UNTIL HIS DEPARTURE FOR PARIS JANUARY 27. HE INVITED PUBLIC ATTENTION TO FOLLOWING SOVIET SHORTCOMINGS: INSISTENCE ON LE 80 MILLION PAYMENT FOR PARTIAL ARMS DELIVERIES, REFUSAL TO GRANT 10 YEAR GRACE PERIOD FOR MILITARY EQUIPMENT PAYMENTS, REFUSAL TO DISCUSS PROVISION OF ARMS DEVELOPED AFTER OCTOBER WAR, REFUSAL TO REPLACE WAR LOSSES QUICKLY OR TO FULFILL PRE-WAR CONTRACTS. ASKED BY LE MONDE REPORTER JANUARY 20 IF FRIENDSHIP TREATY MIGHT BE ABROGATED, SADAT SAID FLATLY: "MY PATIENCE IS LIMITED." GOE/USSR MILITARY AND ECONOMIC COOPERATION WAS, PRESIDENT DECLARED, "FROZEN."

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15. FINALLY, ON JANUARY 26, LOCAL PRESS CARRIED SHORT ANNOUNCEMENT THAT FONMIN GROMYKO WOULD PAY VISIT FEB 3. (ONCE AGAIN, SAME EDITIONS CARRIED FEATURE PICTURE OF SADAT AND AMBASSADOR EILTS.) FROM ALL INDICATIONS, GROMYKO DECIDED TO COME IN ORDER TO GIVER PERSONAL FILIP TO BASIC SOVIET POLICY GOAL OF SPPEDING GENEVA RESUMPTION AND MAKING ANOTHER ATTEMPT TO PERSUADE GOE TO JETTISON STEP-BY-STEP APPROACH.

16. FORTIFIED BY WHAT GOE INSISTED ON REGARDING AS OPENING OF MAJOR NEW ARMS SOURCE IN PARIS, SADAT REPORTEDLY ANGERED GROMYKO BY MAKING CLEAR HE WOULD NOT BE LED BY THE NOSE TO GENEVA NOR EVEN BE CUDGELLED INTO SETTING PUBLIC TIME FRAME FOR GENEVA RESUMPTION. HE REFUSED GROMYKO'S REQUEST FOR AN IMMEDIATE PRIVATE MEETING AND ORDERED LOW KEY PRESS COVERAGE. AT FEB 4 PRESS CONFERENCE BOTH SIDES DECLARED NEW CHAPTER IN  
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RELATIONSHIP HAD BEEN OPENED BY THE USEFUL AND CONSTRUCTIVE TALKS, BUT ONLY CONCRETE RESULTS ANNOUNCED WERE SIGNING OF CONSULAR, CULTURAL AND ECONOMIC PLANNING AGREEMENTS.

17. SOVIETS LARGELY DROPPED FROM THE NEWS IN FEBRUARY, OWING TO EGYPTIAN OCCUPATION WITH, AND EUPHORIA ABOUT, SECRETARY'S NEW TWO STAGE INITIATIVE. FAHMY, HOWEVER, INSERTED INTERESTING NEW WRINKLY INTO GENEVA CONFERENCE TIMING QUESTION BY TELLING PEOPLE'S ASSEMBLY ON FEB 18 THAT GOE WOULD NOT GO TO GENEVA UNTIL OCTOBER WAR EQUIPMENT IS REPLACED.

18. PRESIDENT SADAT'S MARCH 29 POLICY ADDRESS MUST HAVE BEEN WORMWOOD AND GALL TO MOSCOW. SELF-CONFIDENT, FORTHCOMING, AND MODERATE, PRESIDENT DID NOT GIVE IMPRESSION OF LEADER DESPERATELY SEEKING GACE-SAVING EXIT FROM POLICY OF RELIANCE AND TRUST IN USG. PRESIDENT NOT ONLY MADE CLEAR THAT GENEVA IS NOT HIS ONLY OPTION, BUT FAILED TO MENTION USSR AT ALL EXCEPT TO HOPE BILATERAL RELATIONS CAN BE BASED ON "PRINCIPLES", NOT OPPORTUNISM.

19. SOME GOE OFFICIALS SUSPECT THIS EGYPTIAN SELF-CONFIDENCE HAS ANGERED SOVIETS. FAHMY, FOR EXAMPLE, CLAIMS SOVIETS WERE BEHIND RIOTING AT MAHALLA MARCH 20-22 AND MAY BE EMBARKED ON DELIBERATE INTERNAL SUBVERSION CAMPAIGN. PRESIDENT SADAT, SPEAKING TO SENATOR MCGOVERN, BLAMED MAHALLA INCIDENT ON "COMMUNISTS." THE CHARGE OF DIRECT SOVIET INVOLVEMENT IS DIFFICULT TO DOCUMENT AND APPEARS NOT TO BE SUPPORTED BY EGYPTIAN SECURITY SERVICES. WE SHOULD NOT EXCLUDE POSSIBILITY GOE HAS MADE SUGGESTION TO US AS A DELIBERATE POLITICAL PLOY.

20. C. EGYPTIAN/ARAB RELATIONS. DURING REPORTING PERIOD, SADAT HAS CONTINUED TO BE SENSITIVE TO THE UTILITY OF MAINTAINING THE BEST POSSIBLE RELATIONS WITH OTHER ARAB GOVERNMENTS. ASHRAF MARWAN HAS BEEN DISPATCHED TO MOST ARAB CAPTIALS (TRIPOLI WAS A NOTABLE EXCEPTION) WITH PERSONAL MESSAGES FROM SADAT ON THE STATUS OF THE ONGOING ARAB-ISRAELI NEGOTIATIONS. DISSENTING VIEWS HAVE BEEN PAINSTAKINGLY ANSWERED, AND SOME HEADWAY HAS BEEN  
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ACHIEVED IN IRAQ, AND EVEN ALGIERS.

21. MOST SERIOUS ARAB PROBLEM SADAT FACED WAS PLO AND SARG FEAR THAT SECRETARY'S MISSION MIGHT PROVE

DETRIMENTAL TO THEIR INTERESTS. SINCE WELL BEFORE OCTOBER WAR, GOE APPEARED TO BE GOING OUT OF ITS WAYS TO PROPITIATE PLO. TIMIDITY SEEMED TO CHARACTERIZE ITS RESPONSE TO PLO ACTIONS. THIS WINTER, HOWEVER, SADAT UNEXPECTEDLY REVERSED HIS PUBLIC STAND. TO GENERAL ASTONISHMENT OF ME OBSERVERS, INCLUDING PLO ITSELF, GOE REFUSED TO SUBMIT QUIETLY TO PLO EXCOMM'S ARROGANT "WARNING TO ARAB WORLD" AGAINST DANGER OF EGYPT SACRIFICING ARAB UNITY FOR SAKE OF SECOND SINAI DISENGAGEMENT. ON FEB 27 FAHMY DICTATED TO MENA CORRESPONDENT GOE'S RESPONSE TO PLO'S ANNOUNCED INTENTION TO SEND DEL TO DISCUSS EGYPTIAN POLICY WITH SADAT, VIZ, WHOLE EXCOMM, BUT NOT PART, WAS WELCOME TO COME FOR DISCUSSION. PLO REPS LISTENED IN SLACK JAWED AMAZEMENT. BEFORE 48 HOURS HAD PASSED, VOP WAS EXPLAINING QADDUMI WANTED TO "CONTAIN" UNFORTUNATE DISPUTE. PLO'S "WARNING", IT SEEMS, HAD NOT BE DIRECTED AT EGYPT AFTER ALL.

2. IN RETROSPECT SADAT'S ANGRY RESPONSE TO PLO'S STUDIED INSULT WAS, WHILE UNUSUALLY COURAGEOUS, NOT VERY SURPRISING. PLO LEADERS FROM ARAFAT ON DOWN HAD TAKEN TO MEDIA TO ALLEGE EGYPT WAS ON HERETICAL TRACK TO SEPARATE PEACE WITH ZIONIST ENEMY. ESTABLISHMENT EGYPTIANS WERE FURIOUS THAT EGYPT, WHICH HAS SUFFERED DREADFULLY FOR PALESTINE, SHOULD BE ACCUSED OF SUBSTANDARD ARABISM. "CAMPAIGN OF DOUBT" FROM BEIRUT SUCCESSFULLY TURNED MANY EGYPTIANS WHO WERE LUKEWARM TO STEP-BY-STEP APPROACH INTO FERVID BOOSTERS OF THEIR PRESIDENT.

23. GOE FIRMNESS WITH PLO HAS CONTINUED. SADAT REPORTEDLY TOLD ARAFAT IN RIYADH MARCH 25 THAT HE WILL NOT ALLOW PLO OBSTRUCTIONSIM TO AFFECT HIS DETERMINATION PURSUE PEACE AS HE, SADAT, CHOOSES. ABU IYAD, INVITED TO SADAT'S MARCH 29 POLICY ADDRESS,

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HAD TO LISTEN TO THE SAME PITCH, THIS TIME MADE IN  
PUBLIC.

24. ALTHOUGH GOE WILL NOT ALLOW PLO TO DICTATE EGYPTIAN  
POLICY, CAIRO NEVER LOSES SIGHT OF CENTRALITY OF PALESTINIAN  
ISSUE TO WHOLE ME PBORLEM, AND IS GEARING UP FOR MAJOR  
EFFOR PROMOTE A MODERATE PLO WHICH CAN SOMEHOW PLAY  
CONSTRUCTIVE ROLE IN GENEVA AND WITH WHICH USG CAN OPEN  
A DIALOGUE. (GOE IS DEEPLY CONCERNED THAT WE WILL FIND  
IT EXPEDIENT TO OPEN SUCH A DIALOGUE SOON.) MOST RECENT  
PROOF OFFERED BY GOE THAT CAIRO IS REALIABLE AND ACTIVE  
AGENT FOR PALESTINIANS WAS DRAFT GENEVA RESOLUTION GIVEN  
TO USSR AND USG IN FEBRUARY, WHICH CALLED FOR IMMEDIATE  
INVITATION TO PLO TO PARTICIPATE AS FULL AND EQUAL MEMBER  
OF CONFERENCE.

25. EGYPT'S SECOND MAJOR ARAB PROBLEM IS, OF COURSE,  
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SYRIAN DISINCLINATION TRUST HER PUTATIVE ALLY. THROUGHOUT  
REPORTING PERIOD, SARG HAS BEEN EVEN MORE EDGY THAN USUAL,  
FEARING THAT SECOND SINAI DISENGAGEMENT NEGOTIATIONS WOULD  
NOT RESULT IN GUARANTEED MOVEMENT ON GOLAN FRONT. SADAT  
AND FAHMY HAVE SPENT CONSIDERABLE TIME AND EFFORT  
SEEKING PERSUADE DAMASCUS THAT SOME FORM OF ACCEPTABLE  
LINKAGE WOULD BE PRIME EGYPTIAN GOAL.

26. KHADDAM HAS NOT MADE FAHMY'S TASK EASY, ALTHOUGH  
QUADRIPARTITE MEETING JAN 3 PASSED WITHOUT TOO MUCH  
DIFFICULTY. FAHMY MANGED TO STAVE OFF SECOND ROUND, WHICH  
HE FEARED KHADDAM WOULD USE AS FORUM TO EMBARRASS  
GOE, BY TELLING PLO AND SARG IN MID-FEBRUARY THAT  
PARTIES SHOULD FIRST AGREE ON AGENDA.

27. WITH SUSPENSION KISSINGER MISSION, SARG-GOE RELATIONS REMAIN STRAINED. SYRIANS HAVE BEEN UNGRACEFUL AND UNMANNERLY, PARTICULARLY IN MARCH 24 ARAB LEAGUE COUNCIL MEETING WHERE KHADDAM'S CORVING WAS DEEPLY RESENTED BY EGYPTIANS. UNTIL SYRIANS DRAW VEIL OVER THEIR DELIGHT THAT SADAT HAS SO FAR BEEN PROVED WRONG. IT IS DIFFICULT TO IMAGINE THAT BILATERAL RELATIONS WILL DEVELOP BEYOND THE STRICTLY CORRECT.

28. RELATIONS WITH OTHER ARAB STATES HAVE RUN THE GAMUT FROM VERY BAD WITH LIBYA, WHICH HAS REINSTITUTED PUBLIC MUD SLINGING, TO EXCELLENT WITH SAUDI ARABIA. NIMAIRI'S EFFORT MEDiate BETWEEN TRIPOLI AND CAIRO CAME TO NOTHING. PROPOSED VISIT OF MININT SALIM (WHO IS RESPONSIBLE FOR LARG AFFAIRS) WAS INDEFINITELY POSTPONED BECASUE FAHMY DID NOT WANT TO GIVE QADHAAFI ANY CHANCE TO SCORE CHEAP PROPAGANDA AT TIME OF DELICATE ARAB-ISRAELI NEGOTIATIONS. FAYSAL'S VISIT TO ASWAN JAN 21 WENT WELL AND \$100 MILLION GRANT WAS PUBLICLY WELCOMED, BUT PRIVATELY REGARDED AS NIGGERDLY. KHALID AND SADAT HAVE EXCHANGED PLEDGES OF SUPPORT AND CAIRO IS SATISFIED THAT FAHD WILL CARRY ON CLOSE POLITICAL RELATIONSHIP FOSTERED BY FAYSAL.

29.D. EGYPTIAN/EUROPEAN RELATIONS  
OF ALL EUROPEAN STATES FRANCE HAS STOOD OUT DURING PERIOD UNDER REVIEW FOR SPEED AND EXTENT WITH WHICH IT DEVELOPED ITS RELATIONS WITH GOE. PRESIDENT SADAT'S HIGHLY PUBLICIZED  
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STATE VISIT TO PARIS AT END OF JANUARY AND THE COMMERCAIL AND MILITARY AGREEMENTS SIGNED THAT TIME BURNISHED FRENCH IMAGE CONSIDERABLY. THE MILITARY SALES AGREEMENTS WERE AJOR PRACTICAL AND PSYCHOLOGICAL FACTORS IN GOE'S ABILITY TO STAND UP TO GROMYKO IN CAIRO ON FEB 3. SOVIETS COMPLAINED BITTERLY THAT FRENCH ARMS WERE NEITHER IMPORTANT NOR DELIVERABLE IN NEAR FUTURE, BUT THIS TRUSIM MADE NO DENT ON EGYPTIAN DELIGHT IN HAVING OPENED FOR ARABAS MAJOR NEW SOURCE OF ARMS.

30. GOE SUBSEQUENTLY MADE POINT OF PRAISING FRENCH ME POLICY, AND FAHMY ON JAN 31 TOLD AKHBAR THAT EGYPT BELIEVES GOF SHOULD PARTICIPATE IN GENEVA. ON MARCH 3, AHRAH "LEARNED" GOE HAD INSTITUTED CONTACTS WITH FRANCE, UK, US, AND USSR TO DISCUSS "GUARANTEES" FOR FINAL ME SETTLEMENT. SOME DIPLOMATS HERE BELIEVE CAIRO IS NOW CONSIDERING INVITING HMG AND GOF TO PARTICIPATE IN GENEVA, PRESUMABLY TO LESSEN POSSIBILITY OF POLARIZATION (USG AND GOI VS. USSR AND ARABS) WHICH SADAT FEARS SO MUCH.

31 FRG HAS MAINTAINED ACTIVE PRESENCE IN EGYPT; MRS. SADAT PAID VISIT TO WEST GERMANY FEB. 18. PORTUGAL AND EGYPT RESUMED RELATIONS FEB. 25, AND IRELAND, CURRENT EC CHAIRMAN, HAS ACCREDITED AN AMBASSADOR TO CAIRO.

32. EURO-ARAB DIALOGUE CONTINUES ON GOE BACK BURNER. CAIRO SUPPORTS DENATIONALIZED EXPERTS FORMULA BUT IS NOT PUSHING FOR IT.

3. E. MISCELLANEOUS RELATIONS

SHAH'S STATE VISIT TO EGYPT JAN 8 PROVIDED VISIBLE DEMONSTRATION OF INCREASING CLOSENESS OF EGYPTIAN/IRANIAN RELATIONS. SADAT HAD PERCEIVED THAT POSSIBLE CHANGES IN SHAH'S VIEW OF ME ISSUES MIGHT GIVE EGYPT SCOPE TO BRING IRAN CLOSER TO ARAB VIEW OF SUCH AREA PROBLEMS AS SOUTH ARABIA AND KURDISH INSURGENCY. EGYPT, OF COURSE, WOULD HOPE THIS PRCESS COULD GRADUALLY DRAW IRAN FROM ITS PREVIOUS CLOSE COORDINATION WITH ISRAEL.

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34. EGYPT CONTINUES TO SET HIGH VALUE ON UN VOTES OF AFRICAN COLLEAGUES, BUT HAS HAD LITTLE TIME THIS QUARTER TO DEVISE IMAGINATIVE AFRICAN POLICY. PRESS OF BUSINESS MADE IT IMPOSSIBLE FOR FAHMY TO ATTEND OAU MINISTERIAL

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AMEMBASSY LONDON  
AMEMBASSY MOSCOW  
AMEMBASSY TEL AVIV  
AMEMBASSY TRIPOLI

S E C R E T FINAL SECTION OF 5 CAIRO 3310

EXDIS

IN ADDIS FEB. 13; MINSTATE FOR FOREIGN AFFAIRS ANWAR  
ENT IN HIS STEAD.

35. ALTHOUGH THERE HAS BEEN EFFORT TO DRAW EGYPT INTO  
PROBLEMS OF MOSLEM INSURGENCY IN THE PHILIPPINES  
AND ALSO ERITREAN REVOLT AGAINST DIRG, SADAT HAS CONTINUED  
TO KEEP GOE OUT OF THESE CONFLICTS AS MUCH AS HE CAN.  
WHILE NOT WISHING TO ANTAGONIZE MOSLEM OPINION BY CASTIGATING  
ELF OR FILIPINO MOSLEMS, NEITHER DOES HE WANT TO  
JEOPARIZE GOOD RELATIONS WITH MANILA, AND CONTINUES  
TO VALUE LINK WITH ETHIOPIAN GOVERNMENT, A FELLOW MEMBER OF  
OAU.

36. II. INTERNAL

YEAR BEGAN WITH A BANG AS ROCK-THROWING DEMONSTRATORS  
TOOK TO STREETS JAN 1 IN HELWAN AND CAIRO CHANTING PROTESTS  
SECRET

SECRET

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AGAINST HIGH PRCES AND LOW WAGES. FOR NEXT FEW DAYS  
UNIVERSITY RALLIES IN CAIRO KEPT THE POT BOILING  
HOWEVER, GOE'S SEVERE AND EFFICIENT COUNTERMEASURES  
SOON PUT A FULL STOP TO VIOLENCE UNTIL MAHALLA INCIDENT  
IN LATE MARCH. MININT PERSONALLY ANNOUNCED ILLEGAL  
DEMONSTRATIONS ARE INTOLERABLE AND WARNED COLLEGE  
ADMINISTRATORS THAT POLICE WOULD NOT HESITATE ENTER  
CAMPUSES TO MAINTAIN ORDER IF UNIVERSITY SECURITY FORCES  
FAILED TO DO SO. POLICE INSTITUTED AND PUBLICIZED ROUND  
UP OF "LEFTIST ELEMENTS", CHIEFLY STUDENTS, JOURNALISTS,  
AND WORKERS, ALMOST ALL OF WHOM HAVE NOW BEEN RELEASED  
AFTER STIFF INTERROGATION. SIGNIFICANTLY, NOT ALL ARRESTS  
OCCURRED IN CAIRO AND HELWAN. SOME ALEXANDRIA  
UNIVERSITY STUDENTS WERE DETAINED AND ON JNA 13 PRESS  
REPORTED INVESTIGATION OF ANTI-REGIME ACTIVITY  
IN UPPER EGYPT.

37. INTERESTING SIDELIGHTS OF GOE INVESTIGATION WERE COMPILATION OF EVIDENCE OF SERIOUS COMMUNIST INFILTRATION INTO LABOR UNIONS, AS WELL AS INDICATIONS THAT LEFTIST RECRUITERS CONTINUE TO RELY NOT ONLY ON APPEAL TO NASSERISM, BUT ALSO SEEK TO EXPLOIT LOCAL PROCLIVITIES TOWARD FUNDAMENTALIST ISLAM. ON FEBRUARY 15, POLICE ANNOUNCED NEW ISLAMIC LIBERATION PARTY NETWORK HAD BEEN DISCOVERED, AN EVENT SO WORRISOME THAT WE BELIEVE GOE WAS BEHIND SHAIKH AL-AZHAR'S PUBLIC DENUNCIATION OF THIS HERETICAL GROUP (FEB. 27). MEANWHILE, TREASON TRIAL OF 92 ILP DEFENDANTS IN MILITARY TECHNICAL ACADEMY DRAGS ON.

38. ALTHOUGH MAJOR CHANGES IN PRESS ESTABLISHMENT HAD BEEN BRUITED FOR WEEKS, WHEN ANNOUNCEMENT FINALLY CAME MARCH 11 NEW STRUCTURE WAS NOT RADICALLY DIFFERENT FROM OLD. STAFFING OF NEW HIGHER PRESS COUNCIL, TOGETHER WITH SHITS OF LEADING LEFTIST JOURNALISTS TO AKHBAR (WHERE THEY WILL BE MUZZLED) DOES SUGGEST A GOE EFFORT TO DIMINISH MARXIST INFLUENCE AND MAKE "SELF-CENSORSHIP-MORE AUTOMATICALLY RESPONSIVE TO MININFO'S GUIDANCE. RESTRUCTURING OF ASU ITSELF IS STILL IN ABEYANCE. NEW ASU STATUS AND ACROSS THE BOARD ELECTIONS ARE NOW SCHEDULED FOR LATER THIS YEAR.

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39. WHATEVER PART DIRECT SUBVERSION AND INDIRECT LEFTIST PRESS COMMENTARY MAY HAVE HAD ON FOMENTING INTERNAL UNREST, IT IS CLEAR THAT STUDENTS, WORKERS AND THE PUBLIC IN GENERAL ARE SUFFERING REAL ECONOMIC DISTRESS AND HAVE GENUINE GRIEVANCES. ALL THE DISMAL ECONOMIC FACTORS ON WHICH WE HAVE REPORTED DURING PAST YEAR STILL OBTAIN; HARD CURRENCY SQUEEZE, BUREAUCRATIC SLUGGISHNESS, CORRUPTION AND BLACKMARKETEERING, SUPPLY AND TRANSPORTATION BOTTLENECKS. PROVOCATEURS FROM LEFT AND RIGHT HAVE FERTILE FIELD OF ECONOMIC GRIEVANCES ON WHICH TO DRAW. FOLLOWING JAN 1 EVENTS, GOE HAS CONTINUED TO ANNOUNCE FORMATION OF NEW COMMITTEES, SPECIFIC PALLIATIVES (SUCH AS INCREASE OF TEA DOLE) AND NEW DRAFT LAWS TO ALLEVIATE THIS DISTRESS, BUT TO LITTLE AVAIL. MEASURE OF GOE CONCERN WAS SADAT'S PUBLIC PLEA TO RICH ARAB BROTHERS (IN JAN 7 ANWAR INTERVIEW) FOR HARD CASH. MEASURE OF GOE FAILURE TO MAKE DENT ON SITUATION WAS UGLY RIOTING WHICH BEGAN MARCH 20 AT LARGE, MODEL TEXTILE PLANT AT MAHALLA IN DELTA. PROVOCATEURS, LABELLED COMMUNIST BY GOE, REPORTEDLY HAD LITTLE DIFFICULTY INFLAMING CROWDS AGAINST GOE'S ECONOMIC FAILURES.

40. WITH SUSPENSION OF KISSINGER MISSION, MININT

IS KEEPING EYE PEELED. STUDENTS ARE QUIET SO FAR,  
APRTLY BECAUSE EXAMS LOOM AND PARTLY BECAUSE OF  
DAUTINGLY COMPLETE POLICE INFILTRATION INTO ACTIVIST  
GROUPS. DANGER OF LABOR UNREST, PARTICULARLY  
IF LOCAL COMMUNISTS AND SOVIETS TAKE A HAND IN PROVOKING  
TROUBLE, REMAINS SERIOUS DANGER IN EYES OF GOE.  
EILTS

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## Message Attributes

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